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Philippines

Exporter Guide

Annual

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Report Highlights:

The Philippines is a robust, dynamic, and growing market for imported foods and beverages with total imports of consumer-oriented, high-value products exceeding \$1 billion annually. In 2007, U.S. agricultural exports to the Philippines reached a record high of \$1.1 billion representing an increase of 25 percent over the previous year. It is the 13th largest market for U.S. exports of consumer-oriented agricultural products and is the largest market in Southeast Asia, with sales of \$380.5 million representing a 40 percent growth over 2006.

The United States is the top food and beverage supplier to the Philippines. However, competition has greatly intensified and has created new challenges for U.S. exporters. Good sales opportunities exist due to Philippine consumer familiarity with American brands, steady growth in large-scale modern supermarkets, and an expanding economy. The top U.S. exports are wheat, soybean & soybean meal, dairy products, feeds, snack foods, processed fruits & vegetables, and red meats. U.S. exports of consumer-oriented products remain comparatively strong and are the best prospects for future growth. Other major exports include breakfast items, meat & poultry, dried fruits & nuts, wine, pet food, fruit & vegetable juices, and fresh produce.

Includes PSD Changes: No
Includes Trade Matrix: No
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[RP]

SECTION I. MARKET OVERVIEW

Macroeconomic and Political Situation:

Economic: From the end of the Marcos era in 1986 to the present, the Philippine economy has begun a gradual transformation from inward to outward looking. Successive administrations have managed to gradually lower trade barriers, privatize government corporations, reform financial markets and ease restrictions on foreign investment despite political upheavals and external shocks such as the Asian financial crisis and natural disasters. The Philippine economy grew at its fastest pace in three decades with real GDP growth exceeding 7% in 2007. Higher government spending contributed to the growth, but a resilient service sector and large remittances from the millions of Filipinos who work abroad have played an increasingly important role. Remittances account for 15% of GDP in 2007 with spending in a wide range of areas from education to consumer goods and services. Philippine remittances ranks as the 3rd largest in the world (next to China and India) totaling an estimated \$15 billion in 2007.

Economic growth has averaged 5% since President Arroyo took office in 2001. Nevertheless, the Philippines will need higher, sustained growth to make progress in alleviating poverty, given its high population growth and unequal distribution of income. President Arroyo's administration averted a fiscal crisis by pushing for new revenue measures and, until recently, tightening expenditures. Declining fiscal deficits, tapering debt and debt service ratios, as well as recent efforts to increase spending on infrastructure and social services have heightened optimism over Philippine economic prospects. Although the general macroeconomic outlook has improved significantly, the Philippines continues to face important challenges and must maintain the reform momentum in order to catch up with regional competitors, improve employment opportunities, and alleviate poverty. Longer-term fiscal stability will require more sustainable revenue sources, rather than non-recurring revenues from privatization.

Political: The Philippines is a vibrant, raucous democracy. The country has had only three electoral presidential transitions since the removal of President Marcos in 1986. The current president, Gloria Macapagal-Arroyo, has been in power since January 2001 when a civilian uprising removed President Estrada from office on charges of corruption. Her election to a new six-year term in 2004 brought some stability to the financial markets, an appreciation in the Philippine Peso, and renewed though cautious interest in increased foreign investments. Significant political challenges remain, however, including persistently high levels of corruption; lack of progress on key economic and fiscal legislation; need for judicial reforms; rising energy prices; rapid population growth; and ongoing insurgencies by Islamic groups in the southern islands of Mindanao.

The bilateral relationship between the U.S. and GRP is truly unique in the intimacy of its history and the depth of its human ties. The two countries share a profound commitment to democracy, broad economic ties, and a treaty defense alliance. Two million Filipino-Americans constitute the second largest immigrant group in the U.S. while 120,000 U.S. citizens reside in the Philippines. Reflecting this important relationship, the U.S. Embassy-Manila is the fourth largest overseas Post in the world.

Trade and Investment:

General Trade: Economic liberalization in the Philippines has pushed the country to extend its formal international economic links. The Philippines has a relatively open trading system and has some of the lowest applied tariffs in the region. The Philippines acceded to the WTO in 1995. It is a member of the G-33 and also belongs to the G-20 and the Cairns Group. As a party to the ASEAN Free Trade Agreement (AFTA), its exports to ASEAN benefit from the lower common effective tariff (CEPT) applicable to members' products. The Philippines has also entered into and/or is currently negotiating a series of regional or bilateral FTA's with neighboring countries to include China, Japan and Korea. It is an active member and participant in Codex, SPS Committee and OIE.

Agriculture: Philippine agriculture traditionally accounts for about 15 percent of GDP with rice, corn, and coconut production accounting for around 30 percent of overall farm output. Two-thirds of the country's population depends on farming for its livelihood, and about half of the labor force is engaged in agricultural activities. The Philippines has a land area of 30 million hectares, 47 percent of which is agricultural land. Farming is generally undertaken in small farms with an average area of two hectares. The local swine and broiler industries are fairly modern and sophisticated and are the bright spots of Philippine agriculture. Combined, they approximate the aggregate output of rice, corn and coconuts. Under its Agriculture and Fisheries Modernization Plan, the Philippines has prioritized livestock development – specifically in upgrading the genetics of dairy/beef cattle and small ruminants; investment in pre and post-harvest facilities and infrastructure; and biotechnology research and development. Agricultural development is a priority of the Arroyo administration as agricultural households account for the highest levels of poverty and malnutrition. Performance of the sector, however, is largely a function of weather conditions.

Agricultural Trade: The country's exports and imports of agricultural products continuously increased over the past three years. Revenues from agricultural exports amounted to US\$ 2.78 billion in 2006, higher by 3.32 percent from the previous year's earnings. Meanwhile, there was an 8.54 percent growth in agricultural import expenditures which amounted to US\$ 4.32 billion in 2007.

Coconut oil, banana and pineapple and products remained the top three agricultural exports in 2006. Coconut oil was still leading despite its declining volume and value. Major markets were Netherlands and USA for coconut oil, Japan for fresh banana, and USA for pineapple and products. On the other hand, wheat surpassed the country's rice imports and became the top agricultural imports in 2006.

The United States is the number one market for Filipino agricultural exports, with record sales reaching \$992 million in 2007 representing an 8 percent increase over the previous year. Major agricultural products exported were coconut oil (\$314 million), tropical fruits & vegetables (\$130 million), sugar (\$71 million), and fish and seafood products (\$248 million). As a member of the G-33, G-20, Cairns and ASEAN Groups, its positions and negotiating strategies on agricultural issues tend to mirror these groups, e.g., sharp reductions in domestic agricultural support by developed countries, minimal market access concessions and generous flexibility for developing countries.

The top U.S. exports are wheat (\$351 million), soybean & soybean meal (\$216 million), dairy products (\$152 million), feeds (\$41 million) snack foods (\$41 million), processed fruits and

vegetables (\$51 million) and red meats – chilled/ frozen and prepared (\$32 million). U.S. exports of consumer-oriented products remain comparatively strong and are the best prospects for future growth. Other major exports include breakfast items, dairy products, poultry, tree nuts, wine, pet food, fruit and vegetable juice and fresh produce. The United States remains the top food and beverage supplier to the Philippines. However, competition has greatly intensified over time with products from Australia, New Zealand, the EU, Canada, China, and the ASEAN accounting for a growing share of the market. The depreciation of the U.S. dollar against the Philippine Peso as well as other major currencies has led to improved price competitiveness over the past year for U.S. products.

Regulatory System: The Bureau of Animal Industry (BAI) is charged with regulating the flow of domestic and imported animals and animal products in the country; the National Meat Inspection Service (NMIS) ensures that imported or exportable meat and meat products are produced under acceptable conditions and systems; the Bureau of Plant Industry (BPI) has the task of inspection and certification of imported and exportable plant products such as fruits and vegetables; the Bureau of Fisheries & Aquatic Resources (BFAR) is responsible for controlling fish and other marine products, including, the issuance of import permits for fish and fishery products. The Bureau of Food and Drug (BFAD) regulates imported processed food products. All these bureaus are under the jurisdiction of Department of Agriculture (DA) except BFAD, which is under the Department of Health.

Environment for U.S. Agricultural Imports and Competitive Analysis:

The Philippines is a robust, dynamic, and growing market for imported foods and beverages with total imports of consumer-oriented high-value products exceeding \$1 billion annually. There is a strong interest in American culture and trends due largely to the long history of close bilateral relations, bolstered by a large Filipino-American community that maintains ties to the Philippines. This translates into a natural preference for U.S. food products, which are regarded for their high quality and product consistency. However, Filipinos are very price sensitive and want value for money, meaning U.S. products must remain relatively price competitive.

While American products were once the predominant import on supermarket shelves, food processing facilities, and restaurant menus, competition in the market has greatly intensified over time. Key competitors include Australia, New Zealand, the EU, Canada, and the ASEAN countries. Special mention, however, must be made of the fact that China is aggressively gaining market share in the Philippine market. This is especially true in the fresh fruit and dry goods sector where Chinese products are gaining acceptance in the market due to lower prices and improved quality. China's ongoing policy of establishing Free Trade Agreements with ASEAN nations will further threaten fresh fruit and other U.S. food and agricultural exports to the Philippines.

Consumption Patterns, Distribution Issues and Consumer Trends:

Consumption Patterns: Industry analysts expect demand for imported food products will continue to grow through the medium term. Factors often cited include the continued growth and efficiency gains in the retail food sector; expanding popularity of fast food restaurants; a growing middle class; increased demand for convenience - especially among women; and the common perception that imported products equal high quality products – a by-product perhaps of the era when PX goods from U.S. military bases were commonly sold

on the black-market. Consumption of imported food products peak during the Christmas season months of November and December, when sales can double or even triple.

Distribution Issues: Improvements in recent years in the retail sector are due mostly to the passage of the 2000 retail trade liberalization law. The legislation, which allows foreign retailers to operate independently in the Philippines, has fostered growth in large-scale supermarkets that offer a wider range of imported foods. Local supermarket chains have modernized, expanded and broadened their line of imported brands, often via direct importation. While expansion was initially focused in the Metro Manila area, all the major chains are now expanding into the major provincial cities. The lack of an efficient distribution system to these cities, however, remains a significant constraint – especially for perishable items requiring modern cold chain operations.

Consumer Trends: Filipinos are known to eat about five times a day and have a propensity for snacking between meals. As a result, the between-meal snacks represent a significant market for U.S. products – including processed snack foods for supermarkets and convenience stores, as well as raw ingredients for bakeries and the local food-processing sector. While snacking will remain an indelible part of both the Filipino diet and culture, there is a growing trend towards healthier eating. This health-conscious trend should lead to expanded opportunities for U.S. fruits and vegetables in addition to raw ingredients for the local snack food processing sector such as processed dairy products, processed soy products, and dried fruits & nuts.

Other Export Highlights:

- Following are the top U.S. exports and percentage increase vs. 2006

| PRODUCT | 2007 EXPORT SALES IN US\$ (MIL) | % OVER 2006 |
|-------------------------------------|------------------------------------|-------------|
| Wheat | \$351 Million | +10% |
| Soybean & Soybean Meal | \$216 Million | +45% |
| Dairy | \$152 Million | +59% |
| Feeds | \$41 Million | +25% |
| Snack Foods | \$41 Million | +16% |
| Processed Fruits and Vegetables | \$51 Million | +24% |
| Red Meats – chilled/frozen/prepared | \$32 Million | +68% |

- The Philippines is the first market in Asia that has allowed complete market access for U.S. beef and beef products of all ages following the BSE scare in December 2003. Previously, imports of U.S. beef and beef products were restricted to boneless beef from cattle less than 30 months of age. U.S. beef exports to the Philippines reached \$6.3 million in 2006 under partial market access and approached \$9 million in 2007. Under this new agreement, USDA estimates that U.S. beef exports to the Philippines will double in 2008 and reach record levels.
- The emerging Philippine wine market continues to expand, with sales estimated at more than 7.3 million liters in 2002 (valued at almost \$9 million), up 25 percent from the year before and more than double sales in 1998. U.S. exports

to the Philippines jumped 75 percent in 2002 with more than 2.2 million liters valued at \$3.6 million. Exports of U.S. wines reached \$4.6 million in 2007.

- The Philippines remains the largest market for pet food in Southeast Asia valued at \$10 million in 2007 with a year-to-year growth rate of 25%.

| Advantages | Challenges |
|---|---|
| Filipinos have high regard for imported products, especially American | U.S. products are priced higher compared to local products and other imported products |
| Familiarity with major American brands | Consumers are highly price sensitive |
| Traditional close ties between the Philippines and the U.S. | Preferential tariff rates (35 percent discount on MFN rates) on products from ASEAN countries |
| Proliferation of malls and accompanying rapid expansion in the retail and fast-food sectors | Establishment of Asian manufacturing facilities for American brands to supply the region |
| Retail trade liberalization led to more efficient, modern and large-scale supermarket chains | Market penetration for imported products is concentrated in Metro Manila and major metropolitan cities |
| Philippine food standards follow US Food and Drug Administration regulations | Package sizes tend to be smaller for affordability |
| No need for special product labeling; English labels accepted | Packaging should be able to withstand extreme heat and humidity |
| Philippines has a large base of well-qualified and experienced importers familiar with U.S. food products | Most importers lack a nation-wide distribution network with qualified technical staff that are able to act as sales consultants to help market the products |
| Reduced import duties and targeted uniform tariff rate | Insufficient cold chain system |
| Rapidly growing population versus limited agricultural resources | Underdeveloped infrastructure, i.e., storage, roads and shipping facilities |
| Growing trend towards health and nutrition among the growing middle-class consumers | Food industry in Philippines generally risk averse when it comes to trying new product ideas |
| Fast growing emerging markets for wine, cheese, and pet food | Stiff competition in a price sensitive market |
| Well-educated work force throughout food industry | Trained work force highly transient with trained workers frequently moving on to different companies |
| The Philippines is strategically located to serve as a regional hub for food processing and is emerging as the "new entry point to Asia", especially as the | Foreign investment often faces bureaucratic red-tape |

| | |
|--|--|
| regional free trade agreements take effect | |
| All U.S. beef cuts are now allowed full market access | High cost of inter-island shipping makes imported products more expensive in areas outside Manila. |
| Expansion of modern supermarket chains into key provincial cities | High cost of inter-island shipping makes imported products more expensive in areas outside Manila. |
| Current exchange rates make U.S. dollar-based products more competitive vis-à-vis major competitors such as Australia and the EU | |

SECTION II. EXPORTER BUSINESS TIPS

- Filipino businessmen highly value interpersonal relations. Such relations lend ease in developing trust between potential business partners. US exporters should maintain a conscious sensitivity to the innate Filipino sense of reciprocity.
- US exporters should maintain close contact and make regular visits to the Philippines to stay abreast of developments and to affirm support to the Philippine agent/distributor and customers. Exporters should commit to provide marketing and promotional efforts, including advertisements.
- Food importation is generally done by traders. Some maintain buying offices on the US West coast. The services of a U.S. consolidator or wholesaler are commonly used because of the need for a wide variety and range of products. The Philippine importer then either distributes directly to retailers and food service entities or through local wholesalers.
- US exporters can work with one or several importers. It is to be noted, though, that exclusive distributorship agreements are difficult to enforce in the Philippines while parallel imports are common.
- There are no non-tariff restrictions on imports of agricultural and food products, except on rice. Import permits are required for shipments of fresh fruits and vegetables, meat and poultry, including processed meat products.
- The Philippines unilaterally implemented a tariff reduction scheme. Tariff rates for most consumer-oriented products now range from 3-15 percent. Agricultural products considered "sensitive" and for which minimum access volumes (MAV) were set, however, have significantly higher tariff rates. These include poultry meat, pork, fresh potatoes and coffee. MAV allocations, which enjoy discounted tariffs, are awarded to Philippine companies on an annual basis. Please contact the Foreign Agricultural Service (FAS) in Manila for a complete list of these "sensitive products" and the corresponding tariff rates. FAS Manila also maintains a list of Philippine companies who have MAV allocations.
- All food products must be registered with the Philippine Bureau of Food and Drug. Imported products may be registered only by a Filipino entity.
- US exporters are advised to require payment of goods via letter of credit especially for the initial transactions. Credit terms may be extended to the importer after a thorough

background and credit investigation has been conducted and payment habits have been established.

- Philippine food regulations and standards generally follow the U.S. Food and Drug Administration. Products from the United States do not require special labeling and may be sold in the Philippines in the same commercial packaging.
- Products should be packed sufficiently to withstand extreme heat and humidity. Products for the Philippines should also preferably be in smaller consumer packs for affordability. Deficiencies in systematic and mechanical handling of products should also be taken into consideration. There are inefficiencies in the cold chain system, particularly beyond Metro Manila where in some cases these facilities range from insufficient to non-existent.
- Filipino consumers prefer "sweet" foods, even for processed meat products, sauces and juices. Exporters should be willing to reformulate their products to suit the local tastes. Filipino consumers have a preference for cheese and barbecue food flavors.

Philippine Import Requirements and Certifications for Food Products

A detailed report that specifically addresses import regulations and standards is available, entitled: The Philippines: Food and Agricultural Import Regulations & Standards Country Report (FAIRS) and can be obtained from the FAS homepage www.fas.usda.gov choose Market and Trade Data, Attaché Report Search, then select FAIRS Country Reports and the Philippines. You can also access the report through the following URL: http://www.fas.usda.gov/scripts/attacherep/attacherep_lout.asp

SECTION III. MARKET SECTOR STRUCTURE & TRENDS

Retail Sector

Philippine food retailing is rapidly modernizing and expanding. National and upscale supermarket chains are attracting customers by opening large and modern stores, which is increasingly displacing the traditional small-scale retail chains and corner "sari-sari" stores. While focused primarily on urban markets in Metro Manila and Cebu, in recent years the national chains have expanded into smaller regional markets, including Bacolod, Iloilo, Cagayan de Oro, and Davao.

The growth in modernized retailing presents new opportunities for U.S. foods since the modern chains offer improved cold chain and distribution systems; market a wider variety of products; and tends to rely on imports. The customer base for the modern supermarkets is generally more upscale and demanding in terms of product quality and variety. Overall, this creates a positive environment for American foods and beverages. Imported products tend to be pricier than local products, but offer superior quality, variety, and reliability. Given the modern chain's improved infrastructure, growth prospects, and customer demographics, these outlets represent the overall best platform to promote American high-value foods and beverages in the Philippines.

The market is dominated by companies such as SM Supermarket/SM Hypermart, Robinson's/Big R, Rustans/Shopwise, Makro and PriceSmart. Modern convenience stores are on the rise, led by 7-11, Mini-Stop, Shell Select, and Caltex Star Mart. Range of imported products is only slightly better than sari-sari stores but there is good potential for growth,

particularly in snacks, beverages, and microwaveable/ ready-to-eat meals. Growth in this segment is also due to the bullish call center market industry, which grew from 1,000 seats in 2000 to more than 69,000 in 2004 taking over 20% of total world market share and forecasted at 50% by 2008.

Food Service Sector:

The Philippine foodservice market continues to expand in response to growing demand for convenience. Fast-food restaurants account for the great majority of the market. Upscale restaurants and cafes (known locally as the 'casual dining' market) in Metro Manila present a wide range of sales opportunities for U.S. foods and beverages. Restaurants located in five-star hotels and upscale malls are important outlets along with popular western-style chains. All use imported ingredients, including meats, wine, seafood, dairy products, sauces, and fresh produce. While restaurant managers will be price-sensitive when considering new ingredients, this is balanced with a need to present new menu items to attract the notoriously fickle upscale Filipino consumer.

- The Philippines has a young population, ages 1-29 comprise about 64 percent of the total population, which heavily favors dining in fast food and casual/family restaurants.
- Purchases of food away from the home continue to grow steadily. Eating out accounts for about 12 percent of the food budget, up from less than 9 percent in the mid-1990s. Higher consumer standards and concern for food safety are driving Filipinos toward dining in restaurants and away from traditional food hawkers.
- Popular chains led by Jollibee, McDonalds, ChowKing, KFC and Pizza Hut offer attractive menus and fiercely competitive prices, with full meals available for as little as \$2.00. U.S. products found in these outlets include french fries, processed poultry products, sauces, and cheese toppings.
- Foodservice sales are currently valued at approximately \$3 billion, increasing by an estimated 15-20 percent per year in the past decade.
- American franchises, which normally require standard or US-approved food ingredients, have encouraged increased imports of food service products both in terms of volume and variety. Frozen French fries are the single most important product for this sector from the United States. There is a growing demand for frozen poultry products, sauces & condiments, and fresh & processed fruits/vegetables.
- The number of full service restaurants is also growing. Nearly all the growth in recent years is in fashionable shopping/dining areas in Metro Manila. With their focus on quality, these restaurants bring in significant amounts of a wide variety of imports—specifically meats, wine, and condiments. Full service restaurants are a good way to introduce high-quality ingredients to the Philippines. Competition in this segment is keen and restaurant operators are interested in new and exciting menu ideas to attract customers.
- Advertising and promotions play a major role in capturing market share in the food service sector. Eat-all-you-can or buffet offerings and promotions including discounted set meals and premiums like toys effectively provide customers with a sense of obtaining "value for money" in a fiercely competitive market.

Food Processing Sector:

Food manufacturing, including food and beverage processing remains the Philippines' most dominant primary industry accounting for 40.1 percent of total output in manufacturing. The gross added value is more than \$2.0 billion with an annual increase estimated at 8-10 percent. The Philippine Bureau of Food and Drugs' Statistical Report of Establishments for 2004 lists 11,601 total number of food processing establishments nationwide. Most of the companies are owned by a single proprietor that are common among micro, cottage and small industries; and a few large multi-product firms, some of which operate in partnership or as a subsidiary of foreign or multinational companies. Unlike many other countries in the region - where multinationals dominate food sales - local companies like San Miguel, RFM Corporation, Universal Robina Corporation and a few others dominate the market or compete equally with foreign players.

The food processing industry is comprised of the following major sectors: fruits and vegetables, fish and marine products, meat and poultry products, flour and bakery products, beverages, confectioneries, dairy products, food condiments and seasonings, food supplements, bottled water, snack foods and fats & oils. The industry contributes approximately 20 percent of GDP per annum. According to the Philippine National Statistics Office, food and beverage imports totaled \$2.2 billion in 2004. Major imported food ingredients include: wheat, dairy products such as milk and cheese powders and whey; processed fruits and vegetables; dried fruits and nuts; and beef and beef products. Expensive specialty ingredients, such as exotic dried fruits and nuts; processed egg products; many grains; and organic ingredients are still small niche items due to persistent and pervasive price sensitivity in the Philippine food and beverage market.

The United States is the top exporter in total volume per country based on 2004 statistics at 1.4 billion kg followed by Canada (456 million), China (381 million), Australia (337 million), Malaysia (249 million) and India (214 million). As a group, combined exports of ASEAN reached 585 million kg. Wheat, whey, soybean, peas, potato products and meat/fish extracts are the top exports from the US. Food and beverage comprises 40 percent of total manufacturing output, the largest in its category per the recent data available by the Philippine Department of Trade and Industry.

Domestic processors continue to face numerous challenges, including high electricity cost; improvements and innovations in technology and packaging from competitors; inefficient or non-existent post-harvest and storage facilities; and inadequate farm-to-market support. Recently, there has been considerable improvement, particularly for larger companies that are able to support expensive capital outlays. These challenges in the local supply situation means manufacturers must continue to look overseas for many inputs.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

| | |
|----------------------|--------------------------|
| Tree fruits | Juices |
| Pet Food | Natural and Health Foods |
| Fresh Produce | Seafood |
| Beef & Pork Products | Wine |
| Poultry Products | Cheese |
| Tree nuts | Dried Fruits and Nuts |

| | |
|------------------|-----------------------------|
| Food Ingredients | Food Processing Ingredients |
|------------------|-----------------------------|

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Please contact the following for any questions and for further information:

Foreign Agricultural Service
U.S. Department of Agriculture
Embassy of the United States of America
25/F Ayala Life-FGU Building
6811 Ayala Avenue
Makati City 1203
Tel: (632) 894-5363 or 894-5379
Fax: (632) 812-5430
Email: atomanila@usda.gov or agmanila@usda.gov
FAS Home Page: www.manila.usda.gov

Active U.S. Cooperators in the Philippine Market

Synergy Asia Marketing Services, Inc.
(Philippine Representative of the **California Table Grape Commission and the United States Potato Board**)
Unit 602-C, Summit Office Tower
530 Shaw Boulevard
Mandaluyong City 1501
Metro Manila
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Email: synergyasia@pacific.net.ph

Lieu Marketing Associates Pte Ltd
(ASEAN Representative of the **California Pistachio Commission, California Tree Fruit Agreement, Raisin Administrative Committee**)

48 Toh Guan Road East
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Pacrim Associates Ltd.
(ASEAN Representative of the **US Dairy Export Council**)
The Regent Hotel
155 Rajadamri Road
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Tel: (662) 251-6127

Fax: (662) 254-6913
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USA Poultry and Egg Export Council

#15-04 Liat Towers, 541 Orchard Road
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Contact: Ms. Margaret Say, ASEAN Representative
Email: usapec_sing@pacific.net.sg / msay@usapec.org.sg
Website: <http://www.usapeec.org>

US Meat Export Federation

39 Tyrwhitt Road
3rd Floor Suite
207538, Singapore
Tel: 65-67334255
Fax: 65-6732-1977
Contact: Ms. Sabrina Yin, ASEAN Representative
Email: singapore@usmef.com.sg
Website: <http://www.usmef.org>

AgriSource Co., Ltd.
(ASEAN Representative of the **USA Dry Pea & Lentil Council** and the **US Dry Bean Council**)

Ambassador's Court, 4th Floor, No. 416
76/1 Soi Lang Suan, Ploenchit Road
Bangkok 10330, Thailand
Tel: 66-2-251-8655/6, 011-66-2-251-8669 & 8772
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Email: agsource@loxinfo.co.th

US Wheat Associates

28/F Ayala-FGU Center
6811 Ayala Avenue
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Tel: 632-818-4610 , 63-2-815-4619 Main
Fax: 632-815-4026
Contact: Mr. Mike Spier, Country Director
Email: mspier@uswheat.org / InfoManila@uswheat.org
Website: <http://www.uswheat.org>

American Soybean Association

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Philippines
Tel: 632-637-5384 to 85 Main

Fax: 632-637-5388

Contact: Mr. Teodoro M. Cortes, ASA Country Manager

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Website: <http://www.grains.org>

APPENDIX I. STATISTICS

A. KEY TRADE & DEMOGRAPHIC INFORMATION

| | |
|---|----------------|
| Agricultural Imports From All Countries (\$mil)/U.S. Market Share (%) ^{1/} | \$4,320 / 21% |
| Consumer Food Imports From All Countries (\$mil)/U.S. Market Share (%) ^{1/} | \$1090 / 25% |
| Edible Fishery Imports From All Countries (\$Mil)/U.S. Market Share (%) ^{1/} | \$65 / 8% |
| Total Population (Millions)/Annual Growth Rate (%) ^{2/} | 91.0/ 1.7% |
| Urban Population (Millions)/Annual Growth Rate (%) | 60.0%/ 2.0% |
| Number of Major Metropolitan Areas ^{3/} | 16 |
| Size of the Middle Class (Millions)/Percentage of Total Population ^{4/} | .22/ 25% |
| Per Capita Gross Domestic Product (U.S. Dollars) | \$3,300 |
| Unemployment Rate (%) ^{5/} | 7.3% |
| Per Capita Food Expenditures (U.S. Dollars) | \$420 |
| Percent of Female Population Employed ^{6/} | 50.7% |
| Exchange Rate (US\$ = local currency) | US\$1=PhP40.00 |

Footnotes

1/ Use FAS' web-enabled UNTrade database (HS 6-digit option; Import Market Share BICO 3-Year format), 2006 figures.

2/ May 2007 estimates

3/Population in excess of 1,000,000

4/ Middle class includes those earning above the poverty threshold of Pesos 12,000 (\$300) but does not include 5 percent of the population, which are considered upper income class.

5/ December 2007 estimates

6/ Percent against total number of women (15 years old or above)

TABLE B. Consumer Food & Edible Fishery Product Imports

| Philippines Imports (In Millions of Dollars) | Imports from the World | | | Imports from the U.S. | | | U.S Market Share | | |
|---|------------------------|-------|-------|-----------------------|------|------|------------------|------|------|
| | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 | 2001 | 2002 | 2003 |
| CONSUMER-ORIENTED AGRICULTURAL TOTAL | 1103 | 973 | 1062 | 143 | 107 | 113 | 13 | 11 | 11 |
| Snack Foods (Excl. Nuts) | 46 | 42 | 45 | 8 | 4 | 3 | 18 | 9 | 6 |
| Breakfast Cereals & Pancake Mix | 3 | 3 | 4 | 1 | 1 | 1 | 35 | 25 | 24 |
| Red Meats, Fresh/Chilled/Frozen | 110 | 99 | 113 | 2 | 1 | 2 | 2 | 1 | 2 |
| Red Meats, Prepared/Preserved | 15 | 24 | 12 | 3 | 4 | 2 | 20 | 16 | 16 |
| Poultry Meat | 10 | 8 | 11 | 5 | 3 | 5 | 51 | 43 | 49 |
| Dairy Products (Excl. Cheese) | 421 | 326 | 382 | 30 | 18 | 23 | 7 | 5 | 6 |
| Cheese | 37 | 30 | 31 | 2 | 2 | 1 | 5 | 6 | 5 |
| Eggs & Products | 4 | 4 | 3 | 1 | 1 | 1 | 20 | 15 | 25 |
| Fresh Fruit | 30 | 18 | 23 | 4 | 1 | 4 | 12 | 8 | 16 |
| Fresh Vegetables | 7 | 6 | 8 | 1 | 1 | 1 | 6 | 0 | 2 |
| Processed Fruit & Vegetables | 62 | 59 | 56 | 25 | 17 | 17 | 41 | 30 | 31 |
| Fruit & Vegetable Juices | 8 | 7 | 7 | 2 | 2 | 2 | 31 | 32 | 22 |
| Tree Nuts | 1 | 2 | 2 | 1 | 1 | 1 | 25 | 18 | 19 |
| Wine & Beer | 10 | 12 | 11 | 3 | 3 | 2 | 29 | 26 | 14 |
| Nursery Products & Cut Flowers | 1 | 1 | 1 | 1 | 1 | 1 | 5 | 5 | 1 |
| Pet Foods (Dog & Cat Food) | 8 | 17 | 11 | 5 | 5 | 6 | 61 | 29 | 56 |
| Other Consumer-Oriented Products | 332 | 318 | 344 | 51 | 45 | 45 | 15 | 14 | 13 |
| FISH & SEAFOOD PRODUCTS | 45 | 57 | 59 | 8 | 4 | 6 | 17 | 7 | 9 |
| Salmon | 1 | 1 | 2 | 1 | 1 | 1 | 4 | 4 | 6 |
| Surimi | 2 | 1 | 1 | 1 | 1 | 1 | 3 | 4 | 4 |
| Crustaceans | 1 | 3 | 2 | 1 | 1 | 1 | 13 | 6 | 0 |
| Groundfish & Flatfish | 5 | 3 | 3 | 1 | 1 | 1 | 27 | 3 | 4 |
| Molluscs | 7 | 6 | 4 | 6 | 3 | 1 | 75 | 49 | 4 |
| Other Fishery Products | 27 | 43 | 48 | 1 | 1 | 5 | 2 | 2 | 11 |
| AGRICULTURAL PRODUCTS TOTAL | 2,653 | 2,614 | 2,679 | 803 | 631 | 574 | 30 | 24 | 21 |
| AGRICULTURAL, FISH & FORESTRY TOTAL | 2,896 | 2,856 | 2,966 | 845 | 655 | 610 | 29 | 23 | 21 |

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

Table C. Top 15 Suppliers of Consumer Foods & Edible Fishery Products

Reporting: Philippines - Top 15 Ranking**CONSUMER-ORIENTED AGRICULTURAL TOTAL - 400**

| (\$1,000) | 2001 | 2002 | 2003 |
|---------------------|---------|--------|---------|
| New Zealand | 169443 | 142663 | 210309 |
| Australia | 240573 | 211660 | 141488 |
| United States | 142753 | 106718 | 113355 |
| Thailand | 80896 | 96985 | 109955 |
| China (Peoples Rep) | 58641 | 59646 | 57654 |
| India | 51094 | 46826 | 53994 |
| Netherlands | 44084 | 25552 | 47074 |
| Singapore | 50240 | 50533 | 46827 |
| Indonesia | 21519 | 23550 | 34618 |
| Malaysia | 18867 | 22733 | 32773 |
| Ireland | 39694 | 30551 | 27797 |
| France | 14791 | 17773 | 25403 |
| Brazil | 7462 | 20429 | 25383 |
| Canada | 22569 | 14448 | 20119 |
| Germany | 33422 | 16771 | 19337 |
| Other | 107078 | 86600 | 95595 |
| World | 1103177 | 973478 | 1061712 |

FISH & SEAFOOD PRODUCTS - 700

| | 2001 | 2002 | 2003 |
|---------------------|-------|-------|-------|
| Indonesia | 4674 | 3424 | 18321 |
| Taiwan (Estimated) | 5629 | 4281 | 6351 |
| United States | 7772 | 3926 | 5513 |
| China (Peoples Rep) | 2080 | 5987 | 3817 |
| Singapore | 916 | 1137 | 3363 |
| Papua New Guinea | 343 | 2184 | 2440 |
| Japan | 2018 | 4279 | 2219 |
| Micronesia, Federat | 0 | 600 | 1851 |
| Marshal Islands | 2154 | 2379 | 1826 |
| Mexico | 1497 | 2102 | 1769 |
| Solomon Islands | 0 | 0 | 1710 |
| Mauritania | 0 | 4335 | 1544 |
| Chile | 32 | 393 | 1463 |
| New Zealand | 3371 | 1400 | 1078 |
| Norway | 561 | 723 | 1014 |
| Other | 13466 | 19682 | 4739 |
| World | 44525 | 56835 | 59037 |

Source: United Nations Statistics Division